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1979/11/02

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STATE 278395

DEPARTMENT OF STATE

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9) EXCISE

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DRAFTED BY DOE/IA:MCREEKMORE:GMC

APPROVED BY EA/PRCM:DMANDERSON

DOE/IA:CTHOMPSON

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DOE/IA:PBORRE'

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FM SECSTATE WASHDC

TO USLO PEKING PRIORITY

STATE 278399

EXDIS FOR BERGOLD FROM BORRE

DECAPTIONED

E.O. 11652: GDS

TAGS: OVIP (SCHLESINGER, JAMES R.), ENRG, CH, US

SUBJECT: BRIEFING OF SECRETARY BERGLAND ON SECRETARY SCHLESINGER'S CHINA TRIP

PASS DOE ASSISTANT SECRETARY BERGOLD IN SCHLESINGER PARTY

1. RESPONDING TO SECRETARY BERGLAND'S REQUEST TO UNDER SECRETARY MYERS, I MET WITH SECRETARY BERGLAND AND USDA ASSISTANT SECRETARY HATHAWAY ON OCTOBER 30 TO PROVIDE AN UPDATE ON SECRETARY SCHLESINGER'S TRIP; CECIL THOMPSON AND MARION CREEKMORE PARTICIPATED. WITH STATE CONCURRENCE, WE PASSED SECRETARY BERGLAND A COPY OF EXDIS REPORTING CABLE (PEKING 3460), AND THE REPORTS ON THE TOASTS AT THE OPENING BANQUET (PEKING 3442 AND 3453). WE ALSO GAVE HIM A COPY OF THE OPENING REMARKS PREPARED FOR SECRETARY SCHLESINGER, BUT

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CAUTIONED THAT WE DID NOT KNOW WHETHER THE REMARKS WERE ACTUALLY USED.

2. THE BERGLAND BRIEFING DEALT WITH THE ATMOSPHERICS OF THE REPORTING CABLE AND FOCUSED ON TWO ISSUES: THE CHINESE RE-

DEPARTMENT OF ENERGY PROGRAMS SECTION 1ST REVIEW DATE: 12/2/98 REVIEWED BY: J. C. LIND NAME: <u>Alvin</u> 2ND REVIEW DATE: 12/2/98 AUTHORITY: <u>1899 Schmidt</u>		2. DETERMINATION (CIRCLE ONE) 1. CLASSIFICATION REVIEWED 2. CLASSIFIED AND DOWNGRADED 3. CLASSIFIED AND DOWNGRADED TO TOP SECRET 4. DOWNGRADED TO TOP SECRET 5. CLASSIFICATION CANCELED 6. CLASSIFIED AND UNCLASSIFIED 7. OTHER SPECIFY: 2 Pages
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DOS CONA, 199703637, 10/14/98

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SECTION OF A GOVERNMENT-TO-GOVERNMENT AGREEMENT ON ENERGY COOPERATION WHILE INDICATING THAT OTHER TYPES OF ARRANGEMENTS FOR COOPERATION WERE PRACTICABLE, AND THE PROSPECTS OF CHINESE OIL EXPORTS PROVIDING LONG-TERM FOREIGN EXCHANGE

EARNINGS FOR THE PRC. SECRETARY BERGLAND SAID THAT HE ENVISIONED FORMALIZING AGRICULTURAL COOPERATION WITH THE PRC THROUGH AN EXCHANGE OF LETTERS, WHICH MIGHT BE ACCEPTABLE TO THE CHINESE IN LIGHT OF VICE PREMIER YU CHIU-LI'S REMARKS ON THE MODALITIES FOR ENERGY COOPERATION. BERGLAND'S INTEREST IN THE PRC'S EXPORT EARNING POTENTIAL RELATED TO USDA'S CURRENT UNCERTAINTY AS TO WHETHER THE CHINESE WOULD SEEK A LONG-TERM AGRICULTURAL PURCHASE ARRANGEMENT, OR A SHORT-TERM MEANS TO FACILITATE AGRICULTURAL AND RELATED IMPORTS. HE POINTED OUT THAT A LONG-TERM ARRANGEMENT WOULD REQUIRE ACTIONS IN U.S. MARKETS TO ASSURE LONG-TERM EXPORT AVAILABILITY OF THE DESIRED LEVEL OF COMMODITIES, EQUIPMENT, AND SERVICES, AS WELL AS ADEQUATE FOREIGN EXCHANGE TO COVER THE ARRANGEMENT. WE BRIEFLY OUTLINED PROJECTIONS ON THE PRC'S FUTURE OIL PRODUCTION AND EXPORTS, PRC PLANS TO INCREASE COAL PRODUCTION FOR INTERNAL USE, AND CURRENT PRC DISCUSSION'S WITH U.S. AND WESTERN FIRMS REGARDING OFFSHORE EXPLORATION. WE ALSO SUMMARIZED THE FIVE TECHNICAL AREAS OF ENERGY COOPERATION UNDER DISCUSSION.

3. USDA IS REQUESTING USLO PEKING TO ADVISE SECRETARY BERGLAND VIA U.S. CONGEN. HONG KONG BY NOVEMBER 3 OF SUB-

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SEQUENT DEVELOPMENTS DURING SECRETARY SCHLESINGER'S TRIP THAT WOULD BE USEFUL TO SECRETARY BERGLAND, PARTICULARLY MODALITIES OF ANY AGREEMENTS TO MEET PRC CONCERN ABOUT GOVERNMENT-TO-GOVERNMENT LINKS. VANCE

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*** Current Handling Restrictions *** EXDIS
*** Current Classification ***